

CITY OF DETROIT
OFFICE OF THE OMBUDSMAN
ANNUAL BUDGET ANALYSIS REPORT
"CAUTIOUS OPTIMISM"



APRIL 2001



APRIL 2002

Observations and recommendations on the proposed
FY 2002-2003 Budget submitted to the
Detroit City Council by Mayor Kwame M. Kilpatrick

APRIL 22, 2002

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April 22, 2002

THE HONORABLE CITY COUNCIL:

**RE: CITY OMBUDSMAN REPORT ON THE FISCAL YEAR 2002-2003 BUDGET AS
PROPOSED BY MAYOR KWAME M. KILPATRICK: CAUTIOUS OPTIMISM**

The Office of the Ombudsman is pleased to come before your Honorable Body once again, and present to you our analysis of the Mayor's proposed budget. In preparing our analysis, we utilized two sets of perspectives:

- (A) The Citizens' Perspective: We focus as usual on the Top Ten Complaints as brought to the Office of the Ombudsman by the citizens of our fair City in the last nine months, from July 1, 2001 to March 31, 2002; in addition, we include a list of the Top Fifteen complaints for the past ten years (1991 to 2001). They are an accurate barometer of where the City's services are lacking.
- (B) The Ombudsman's Office Perspective: Members of the Ombudsman's Office staff have worked diligently to observe, study, analyze, and present to your Honorable Body several urban issues which may not be reflected in citizen complaints per se, but which we believe need addressing. In these essays, it is our hope to encourage either systemic reforms in the underlying bureaucracy of City government, or to encourage much-needed preventative action.

As you can see from the title above, our theme this year is: "Cautious Optimism." By that we mean that we believe we have both good reasons to be encouraged, and good reasons to be concerned about the current state and future prospects of the City.

We are "optimistic" because we are pleased to note the various reform and reorganization strategies proposed in the Mayor's Budget Message. We applaud many of his changes, including moving all demolition activities to one department, getting serious with stiffer fines for littering, making full use of civil infractions which we have long held to be more effective in enforcing environmental laws, and creating a many-faceted, longer-term, and far-reaching clean-up program.

We also appreciate his emphasis on preventative, proactive measures for approaching age-old, stubborn, and serious City issues, such as zoning (land-use) violations, rodent control, and the Litigation Division of the Law Department.

However, we are "cautious" for several reasons:

- (1) We understand how deeply serious our present financial crisis is. If Detroit's vulnerability to national financial trends continues to be as exaggerated as it used to be ("when the nation gets a cold, Detroit catches pneumonia"), we will likely be on the financial ropes for a while, even as the rest of the nation begins a questionable and rocky recovery. Further, we understand that we cannot continue to rely on one-time financial fixes, such as the casino agreement, although we certainly welcome that infusions of funds.
- (2) We recognize that addressing pressing public needs is doubly-challenging when the resources to do so are insufficient, but of course, that's exactly when the need is greatest. Detroit has suffered an insufficient tax-base, and chronic reductions of state and federal assistance for so long, that fixing what has been ignored is a much larger challenge than it was, for example, twenty years ago, or eight years ago, or even last year. The longer we continue to ignore our neighborhoods, for example, the more work they will eventually take to recover.
- (3) We are concerned that some areas in need of structural and policy changes were not addressed in Mayor Kilpatrick's budget plan, though we are hopeful they may be included in his longer-term plans. Several overdue, unresolved issues, including the following, all cry out for attention and reform:
 - (a) The City's disorganized and leaderless risk management systems
 - (b) The Planning & Development Department's policy of refusing to sell real estate to City employees
 - (c) The inadequate police training programs, coupled with a lack of updates and re-education
 - (d) The steadily increasing and never-ending problems with street lighting
 - (e) The enduring problems presented by an aging infrastructure: water systems, streets and sidewalks, traffic signals, etc.

While the challenges are large, and have defeated other well-meaning officials, we continue to believe the right combination of leadership, creativity, resilience, and tenacity will lead Detroit back to the greatness it once enjoyed.

ESSAYS

To that end, allow me to briefly describe the essays which appear in this year's report. It is our hope that you find them helpful in your budget deliberations, and during the rest of the year, as various issues arise.

A. Overhaul of Risk Management Systems:

The first essay we present to you deals, yet again, with risk management issues. This time, we take a broader focus, looking both back in time and forward to see what we haven't done, what we need to do, and what we reasonably can do about risk management reform. We observe that, despite a collection of various and separate risk management offices and divisions, there is no central authority, no ranking official, in total charge and responsible for overseeing the City's risk management systems. We propose the Mayor appoint such an administrator and make it clear that he or she speaks with the authority of the Mayor.

To illustrate the extent and severity of the problem, we have included personalized illustrations of how a lack of a strong cohesive risk management system can lead to tragic, horrific, or just plain worrisome situations rife with City liability exposure.

Finally, we observe that reform and overhaul need not be expensive, nor time-consuming, nor resource-devouring. A simple directive from the Mayor, coupled with genuine activation of the Risk Management Council and sufficient software to track data, should go a long way toward doing the job of protecting the interests of the City and its citizens.

B. Dealing with the Public - Citizens Rendering City Payments Deserve Courteous Assistance:

In the second essay, we take a look at how bill-paying citizens are sometimes treated when attempting to pay their water bills, or their property tax bills. We note that, while City employees may be occasionally at fault for demonstrating impatience and apparent hostility toward citizens, more often the difficulties in dealing with the public are rooted in lack of adequate staffing, adequate training, and adequate resources.

In this essay, we note that the Water & Sewerage Department must do a better job in publicizing the fact that most of the Outside Reading Devices are beginning to age, and beginning to provide inaccurate information. While they are being steadily replaced, it is imperative that, in order to prevent huge "catch-up" bills when the inside meter is finally read, citizens protect themselves by regularly capturing and communicating an accurate reading from the inside meter.

We also note that the Assessor's Office and the Treasury Division of the Finance Department need to improve their mechanisms for communicating with property tax payers. They must do a better job of explaining to them that, should they receive an abrupt and significant increase in their assessment or property tax bill, they may be a victim of the City's incorrect application of Public Act 415, as amended by 1997's Proposal A. Senior citizens come to us in tears because they have suddenly received a massive increase in their property tax bill, along with a warning that they must pay it within 30 days, or suffer penalty and interest fees. But, those billings are often mistakes.

Because of difficulties in determining which status changes trigger a removal of the property tax cap, many homeowners are receiving incorrect and enormous increases in their assessments and property taxes. Those property tax payers who even recognize that a mistake has been made are then forced to go through approximately a year of waiting before the bureaucratic corrections are made. We discuss what reforms are being instituted to address this serious problem, and what reforms should be instituted to protect Detroit property tax payers.

C. Neighborhood Development Issues - Affordable Housing Strategies:

Nearly every year, the Office of the Ombudsman takes a look at the state of low-income housing in the City. Every year we do so, we are saddened and outraged by the continued deterioration and diminishment of available housing for low-income families.

There are strategies the City could implement to encourage the development and restoration of such essential housing. Our essay explores some of those strategies, and recommends taking steps to curb exclusionary zoning and predatory lending practices. On the positive side, we recommend creating opportunities for affordable housing, including zoning incentives, linkage programs, and manufactured housing. We also look at neighborhood initiatives, lease-purchase agreements, and creating a legal right of first refusal for low-income tenants. We anticipate that a forward looking new administration, working with your Honorable Body, will welcome a fresh look at helping more Detroiters to become homeowners.

D. Economic Development Issues I, II, and III:

Because Detroit's financial recovery depends in large part on its ability to attract and nurture economic development, we have devoted three short essays to that large topic. In Economic Development I, we analyze tools to create downtown housing, such as loft development. We also observe the necessity to preserve and market historic buildings and neighborhoods so that tourists and residents alike have opportunities to appreciate and learn about their past, while bringing much-needed revenue to ancillary businesses such as restaurants, cafes, markets, shops, etc.

Economic Development II confronts three challenges to economic development: Infrastructure replacement, particularly roads; and the twin afflictions of poverty and unemployment must be addressed if Detroit can ever hope to recover. We explore the possibility of disseminating donated computers to youth, recreation, and senior centers throughout the community; of attracting and supporting neighborhood businesses so they may hire neighborhood residents; and of the various forms of and potentials for land banking.

In Economic Development III, we examine some concerns we have with an accelerated demolition program. We fear a headlong drive to take down as many houses as possible without first determining whether they are available for rehabilitation further impedes low-income families' access to affordable housing. Also, this essay describes some zoning enforcement concerns, particularly regarding illegal land uses. We were pleased to hear of Mayor Kilpatrick's reorganization of the demolitions and zoning enforcement processes; we hope that next year, we will not have to go over these areas yet again.

D. Public Safety for Pedestrians, Public Transportation, and Public Sanitation:

Finally, our last essay addresses three aspects of City services: Creating safer streets and sidewalks for pedestrians, improving our bus system, and cleaning up parks and neighborhoods by combating litter whether it originates with humans, or pets. We observe as well that the Mayor is seeking to reorganize the City's litter enforcement mechanisms; we welcome the changes and, like all Detroiters, hope they mean a cleaner, safer City.

TOP TEN,
TOP FIFTEEN

The next section of our report features the list of "Top Ten" complaints, compiled from citizen reports over the past nine months, and the "Top Fifteen" complaints, compiled over the past ten years. Together, they present a graphic picture (followed by real graphics in the next section) of what City problems most concern the citizens of Detroit.

HONORABLE CITY COUNCIL
April 22, 2002

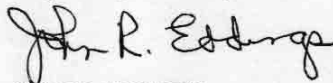
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In this area, we have clear, familiar, depressing evidence for our "cautious" position regarding the City's present, and its future. While we've seen a few changes reflected in the Top Ten, by and large the problems remain the same: street light outage, abandoned vehicles, dead City trees, debris, weeds, and street repairs, etc. As I've noted previously, the cast of players may have changed, but I hope that by next year this time, the problems will not be the same.

We note with approval that "water billings" has dropped from number eight last year to off the chart this year, although we do discuss continuing problems with water billings in our essay which we believe still need serious and significant attention. We were also pleased to see that last year's number ten, "income tax billings," does not make an appearance on this year's Top Ten, although we would be remiss not to mention the social security number debacle. Mostly, however, the complaint areas just get juggled around, with little tangible progress noted.

A new administration always brings optimism, but Detroit's problems are great. Hence, our position of cautious optimism. We look forward to working with your Honorable Body on the many challenges facing us and the new administration.

Respectfully submitted,



JOHN R. EDDINGS
CITY OMBUDSMAN

JRE:SMS

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Charts and Summary Comparison

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SECTION I:

**OBSERVATIONS AND ANALYSES
OF CITY ISSUES**

